

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
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FISCAL IMPACT STATEMENT

LS 6985

BILL NUMBER: SB 317

DATE PREPARED: Dec 30, 1998

BILL AMENDED:

SUBJECT: Mobile home property tax deduction.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues		(4,500)	(9,000)
State Expenditures		(930,900)	(1,884,100)
Net Increase (Decrease)		926,400	1,875,100

LOCAL IMPACT	CY 1999	CY 2000	CY 2001
Local Revenues		(9,308,700)	(9,531,900)
Local Expenditures			
Net Increase (Decrease)		(9,308,700)	(9,531,900)

Summary of Legislation: This bill provides that the owner of a mobile home that is not assessed as real property is entitled to a standard deduction from the mobile home's assessed value if the owner resides in the mobile home.

The bill provides that the amount of the deduction is equal to the lesser of: (1) one-half of the assessed value of the mobile home; or (2) \$1,000. This bill also makes a conforming amendment that will become effective in 2001, when the definition of assessed value will change from 33 1/3% of true tax value to 100% of true tax value.

Effective Date: January 1, 2000; March 1, 2001.

Explanation of State Expenditures: The State pays a 20% Property Tax Replacement Credit (PTRC) on mobile home assessments. If, as explained below, the tax paid by mobile home owners is reduced, then the State's PTRC expense will decrease by about \$1.86 million in CY 2000 and \$1.91 million in CY 2001 or **\$930,000 in FY 2000** and **\$1.9 million in FY 2001**. PTRC is paid from the Property Tax Replacement Fund (PTRF) which is supplemented by the General Fund each year.

Explanation of State Revenues: The State would experience a reduction in the amount raised by the one cent State rate for State Forestry and State Fair. The reduction would amount to approximately \$9,000 per year.

The amount collected for these two funds from mobile home taxes was approximately \$9,500 in 1989 (pre-reassessment). The amount that would be collected under current law is approximately \$25,200 in CY 2000 and also in CY 2001. Under the proposal, the net amount collected for these two funds would equal approximately \$16,200 in CY 2000 and in CY 2001.

Explanation of Local Expenditures:

Explanation of Local Revenues: It is estimated that there are approximately 90,000 Mobile homes in Indiana that are not assessed as real estate. The average assessed value (AV) for these mobile homes is approximately \$2,800. The average AV for these mobile homes was about \$1,050 before the 1989 reassessment.

Assessments on mobile homes that are not assessed as real estate are not considered part of the certified value that is used to compute tax rates. The revenue from this tax is considered a miscellaneous revenue and may be used to offset shortages in levy collections. While the tax rate will not be affected by a standard deduction for mobile homes, the revenue received by the local units will be reduced by approximately **\$9.3 million in CY 2000** and **\$9.5 million in CY 2001**. These numbers are based on a standard deduction of \$1,000 AV for each of the 90,000 mobile homes in Indiana and the estimated average statewide gross tax rate.

Even though the face of this bill represents a decrease in local revenues, the following should be considered: In CY 1989 (pre-reassessment), mobile homes generated approximately \$8 million in local revenues. Under current law, these same mobile homes will generate approximately \$26 million in CY 2000 and \$27 million in CY 2001. Under the proposal, the mobile homes will still generate approximately \$16.8 million in CY 2000 and \$17.2 million in CY 2001.

State Agencies Affected: State Board of Tax Commissioners.

Local Agencies Affected: County Auditors.

Information Sources: State Board of Tax Commissioners, Jim Hemming (232-3761); Local Government Database.